

MedPAC Recommendations on Changes in Hospice Payment and Practices are Now Published

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Each March, the Medicare Payment and Advisory Commission--MedPAC--submits a report and recommendations to Congress regarding all Medicare fee for service payment systems and the Medicare Advantage program. This Committee's input is a critical component in future legislative and policy decisions. As it becomes increasingly obvious that the escalating costs of Medicare are not likely to be reined in by the self regulation of either beneficiaries or providers, recommendations that put forth reimbursement changes should be closely monitored by providers as they have immense implications for the way all providers may have to adjust operational practices and data gathering in the future.

For those who haven't yet seen MedPAC's recommendations for the Medicare Hospice Benefit, they are:

1. Regarding Medicare payment system changes:

- Have relatively higher payments per day at the beginning of the episode and relatively lower payments per day as the length of the episode increases;
- Include a relatively higher payment for the costs associated with patient death at the end of the episode; and
- Implement payment system changes in 2013, with a brief transitional period.

2a. Regarding increased accountability for the appropriateness of hospice utilization:

- Require that a hospice physician or advanced practice nurse visit the patient to determine continued eligibility prior to the 180th day recertification and each subsequent recertification and attest that such visits took place;
- Require that certifications and recertifications include a brief narrative describing the clinical basis for the patient's prognosis; and
- Require that all stays in excess of 180 days be medically reviewed for hospices for which stays exceeding 180 days make up 40% or more of their total cases.

2b. Regarding increased accountability for the appropriateness of hospice utilization, direct the OIG to investigate:

- The prevalence of financial relationships between hospices and long term care facilities such as nursing facilities and assisted living facilities that may represent a conflict of interest and influence admissions to hospice;
- Differences in patterns of nursing home referrals to hospices;
- The appropriateness of enrollment practices for hospices with unusual utilization patterns (e.g., high frequencies of very long stays, very short stays, or enrollment of patients discharged from other hospices); and

- The appropriateness of hospice marketing materials and other admissions practices and potential correlations between length of stay and deficiencies in marketing or admissions practices.

3. Regarding improved data collection and accuracy:

- The Secretary should collect additional data on hospice care and improve the quality of all data collected to facilitate the management of the hospice benefit. Additional data should be collected from claims as a condition of payment and from hospice cost reports.

These recommendations were made by Commission in response to four trends:

- **The increase in the number of Medicare beneficiaries accessing the Hospice benefit.** Over 40% of the Medicare patients who died in 2005 had accessed the Hospice benefit at some point prior to death.
- **The increase in the average length of stay for hospice patients.** Average stays increased to 59 days in 2006 while the median length of stay has been almost static at just over 14 days. What's more, the length of stay for the 10% of hospice patients who had the longest lengths of stay has increased from approximately 140 days in 2000 to approximately 220 days in 2005.
- **The increase in total hospice spending from \$2.9 billion in 2000 to over \$10 billion in 2007.** While the annual number of Medicare hospice patients grew by almost 95% from '00 to '07, the annual dollars spent grew by 248%. Some of the spending increase can be attributed to rate adjustments over the time period. However, put in perspective, the average annual percent change in number of hospice beneficiaries was 10% while the average annual percent change in spending was 20%.
- **The growth in the number of hospices from 2000 to 2007, and especially in the number of for-profit hospices.** Of the 2319 Medicare hospice providers in 2000, 750 were for-profit. Of the 3261 hospices in the 2007, 1641 were for-profit.

Although 2013 sounds a long time in the future, it isn't too early to do an initial review to determine how the recommendations would affect your agency if the changes were in place today. If you're interested in doing a review but don't have the internal resources or expertise to conduct one, or would prefer that an analysis and recommendations come from an external and impartial resource, Beth Carpenter and Associates is prepared to assist you! Please call or email us for more details.